

AMENDED IN ASSEMBLY JANUARY 13, 2012

AMENDED IN SENATE MAY 11, 2011

AMENDED IN SENATE MARCH 24, 2011

SENATE BILL

No. 659

Introduced by ~~Senator Hernandez~~ *Senators Padilla and Rubio*

(Principal coauthor: *Senator Hernandez*)

(Coauthor: *Senator Negrete McLeod*)

(Coauthors: *Assembly Members Ma, Perea, and Solorio*)

February 18, 2011

~~An act to amend Section 507 of, and to add Section 301.5 to, the San Gabriel Basin Water Quality Authority Act (Chapter 776 of the Statutes of 1992), relating to the San Gabriel Basin Water Quality Authority. An act to amend Sections 34170, 34172, 34173, 34175, 34177, 34178, 34179, 34182, 34183, 34185, and 34187 of, to add Section 34189.5 to, and to repeal Sections 34178.7, 34188.8, and 34191 of, the Health and Safety Code, and to amend Section 97.401 of the Revenue and Taxation Code, relating to community redevelopment.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 659, as amended, ~~Hernandez Padilla. San Gabriel Basin Water Quality Authority: board members. Community redevelopment.~~

Existing law suspends various activities of redevelopment agencies and prohibits the agencies from incurring indebtedness for a specified period. Existing law also dissolves redevelopment agencies and community development agencies, as of October 1, 2011, and designates successor agencies, as defined. Existing law requires successor agencies to wind down the affairs of the dissolved redevelopment agencies and to, among other things, repay enforceable obligations, as defined, and

to remit unencumbered balances of redevelopment agency funds, including housing funds, to the county auditor-controller for distribution to taxing entities. Existing law imposes various requirements on successor agencies and subjects successor agency actions to the review of oversight boards.

In the case of California Redevelopment Association v. Matosantos, Case No. S194861, the California Supreme Court ruled that the dissolution of redevelopment agencies and community development agencies shall take effect on February 1, 2012, or 4 months after the effective date or the deadline for performance of an obligation, except as specified.

This bill would instead provide that dissolution of redevelopment agencies and community development agencies shall take effect on April 15, 2012, and as otherwise specified. Other specified provisions would become effective on May 1, 2012, or require performance of certain actions on or before July 1, 2012.

~~The San Gabriel Basin Water Quality Authority Act authorizes the San Gabriel Basin Water Quality Authority to plan, finance, and implement groundwater remediation activities, as prescribed. The act requires the authority to be governed by a board composed of 7 members, consisting of 3 members appointed by the San Gabriel Valley Municipal Water District, the Upper San Gabriel Valley Municipal Water District, and the Three Valleys Municipal Water District; one member elected by specified cities with pumping rights within the San Gabriel Basin; one member elected by specified cities without pumping rights within the San Gabriel Basin; and 2 producer members appointed by the San Gabriel Valley Water Association. The act prescribes 4-year terms of office for the board members. The act also provides for the appointment or election of alternates by each of those entities.~~

~~This bill would authorize each of those entities appointing or electing a board member or alternate, by a majority vote, to remove the board member or alternate without cause and at any time prior to the expiration of the board member's or alternate's term of office, and to appoint or elect another person as the member or alternate to serve for the remaining term of the office, as specified.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. The Legislature finds and declares all of the*
2 *following:*

3 *(a) The Legislature's sole objective in enacting this act is to*
4 *temporarily delay the dissolution of redevelopment agencies in*
5 *order to provide the opportunity to address significant legal,*
6 *financial, and practical issues related to the dissolution of*
7 *redevelopment agencies that cannot be addressed once the*
8 *dissolution occurs.*

9 *(b) In enacting this act, the Legislature hereby intends to codify*
10 *the California Supreme Court's December 29, 2011, holding in*
11 *California Redevelopment Association v. Matosantos, Case No.*
12 *S194861, while temporarily extending the timeframe for*
13 *implementing Section 7 of Chapter 5 of the First Extraordinary*
14 *Session of the Statutes of 2011.*

15 *(c) This act shall not be construed as permitting any*
16 *redevelopment agency to incur new or expand existing monetary,*
17 *legal, or contractual obligations, institute any condemnation*
18 *proceedings, or issue any additional bonds, notes, or other*
19 *indebtedness between the date of the California Supreme Court's*
20 *holding in California Redevelopment Association v. Matosantos,*
21 *Case No. S194861, and April 15, 2012.*

22 *SEC. 2. Section 34170 of the Health and Safety Code is*
23 *amended to read:*

24 34170. (a) Unless otherwise specified, all provisions of this
25 part shall become operative on ~~October 1, 2011~~. April 15, 2012.
26 *The operative date of this part, and any amendments thereto, shall*
27 *have no effect on the effective date of Chapter 5 of the First*
28 *Extraordinary Session of the Statutes of 2011, or the operative*
29 *date of Part 1.8 of Division 24.*

30 (b) If any provision of this part or the application thereof to any
31 person or circumstance is held invalid, the invalidity shall not
32 affect other provisions or applications of this part which can be
33 given effect without the invalid provision or application, and to
34 this end, the provisions of this part are severable.

35 *SEC. 3. Section 34172 of the Health and Safety Code is*
36 *amended to read:*

37 34172. (a) (1) All redevelopment agencies and redevelopment
38 agency components of community development agencies created

1 under Part 1 (commencing with Section 33000), Part 1.5
2 (commencing with Section 34000), Part 1.6 (commencing with
3 Section 34050), and Part 1.7 (commencing with Section 34100)
4 ~~that were shall remain in existence on until the effective operative~~
5 date of this part *and* are hereby dissolved and shall no longer exist
6 as a public body, corporate or politic *effective April 15, 2012*.
7 Nothing in this part dissolves or otherwise affects the authority of
8 a community redevelopment commission, other than in its authority
9 to act as a redevelopment agency, in its capacity as a housing
10 authority or for any other community development purpose of the
11 jurisdiction in which it operates. For those other nonredevelopment
12 purposes, the community development commission derives its
13 authority solely from federal or local laws, or from state laws other
14 than the Community Redevelopment Law (Part 1 (commencing
15 with Section 33000)).

16 (2) A community in which an agency ~~has been~~ *will be* dissolved
17 under this section may not create a new agency pursuant to Part 1
18 (commencing with Section 33000), Part 1.5 (commencing with
19 Section 34000), Part 1.6 (commencing with Section 34050), or
20 Part 1.7 (commencing with Section 34100). However, a community
21 in which the agency has been dissolved and the successor entity
22 has paid off all of the former agency's enforceable obligations
23 may create a new agency pursuant to Part 1 (commencing with
24 Section 33000), Part 1.5 (commencing with Section 34000), Part
25 1.6 (commencing with Section 34050), or Part 1.7 (commencing
26 with Section 34100), subject to the tax increment provisions
27 contained in Chapter 3.5 (commencing with Section 34194.5) of
28 Part 1.9 (commencing with Section 34192).

29 (b) ~~All~~ *Except as expressly provided in Section 34169, all*
30 authority to transact business or exercise powers previously granted
31 under the Community Redevelopment Law (Part 1 (commencing
32 with Section 33000)) is hereby withdrawn from the former
33 redevelopment agencies *effective October 1, 2011*.

34 (c) Solely for purposes of Section 16 of Article XVI of the
35 California Constitution, the Redevelopment Property Tax Trust
36 Fund shall be deemed to be a special fund of the ~~dissolved~~
37 redevelopment agency *that will be dissolved* to pay the principal
38 of and interest on loans, moneys advanced to, or indebtedness,
39 whether funded, refunded, assumed, or otherwise incurred by the
40 redevelopment agency to finance or refinance, in whole or in part,

1 the redevelopment projects of each redevelopment agency dissolved
2 pursuant to this part.

3 (d) Revenues equivalent to those that would have been allocated
4 pursuant to subdivision (b) of Section 16 of Article XVI of the
5 California Constitution shall be allocated to the Redevelopment
6 Property Tax Trust Fund of each successor agency for making
7 payments on the principal of and interest on loans, and moneys
8 advanced to or indebtedness incurred by the dissolved
9 redevelopment agencies. Amounts in excess of those necessary to
10 pay obligations of the former redevelopment agency shall be
11 deemed to be property tax revenues within the meaning of
12 subdivision (a) of Section 1 of Article XIII A of the California
13 Constitution.

14 *SEC. 4. Section 34173 of the Health and Safety Code is*
15 *amended to read:*

16 34173. (a) Successor agencies, as defined in this part, are
17 hereby designated as successor entities to the former redevelopment
18 agencies.

19 (b) Except for those provisions of the Community
20 Redevelopment Law that are repealed, restricted, or revised
21 pursuant to the act adding this part, all authority, rights, powers,
22 duties, and obligations previously vested with the former
23 redevelopment agencies, under the Community Redevelopment
24 Law, are hereby vested in the successor agencies.

25 (c) (1) Where the redevelopment agency was in the form of a
26 joint powers authority, and where the joint powers agreement
27 governing the formation of the joint powers authority addresses
28 the allocation of assets and liabilities upon dissolution of the joint
29 powers authority, then each of the entities that created the former
30 redevelopment agency may be a successor agency within the
31 meaning of this part and each shall have a share of assets and
32 liabilities based on the provisions of the joint powers agreement.

33 (2) Where the redevelopment agency was in the form of a joint
34 powers authority, and where the joint powers agreement governing
35 the formation of the joint powers authority does not address the
36 allocation of assets and liabilities upon dissolution of the joint
37 powers authority, then each of the entities that created the former
38 redevelopment agency may be a successor agency within the
39 meaning of this part, a proportionate share of the assets and
40 liabilities shall be based on the assessed value in the project areas

1 within each entity's jurisdiction, as determined by the county
2 assessor, in its jurisdiction as compared to the assessed value of
3 land within the boundaries of the project areas of the former
4 redevelopment agency.

5 (d) (1) A city, county, city and county, or the entities forming
6 the joint powers authority that authorized the creation of each
7 redevelopment agency may elect not to serve as a successor agency
8 under this part. A city, county, city and county, or any member of
9 a joint powers authority that elects not to serve as a successor
10 agency under this part must file a copy of a duly authorized
11 resolution of its governing board to that effect with the county
12 auditor-controller no later than ~~one month prior to the effective~~
13 ~~date of this part.~~ *January 13, 2012. Any city, county, city and*
14 *county, or any member of a joint powers authority that elects not*
15 *to serve as a successor agency may seek reconsideration of its*
16 *decision not to serve as a successor agency by submitting a written*
17 *petition for reconsideration to the Governor on or before February*
18 *15, 2012. The Governor shall possess the sole authority to grant*
19 *a petition for reconsideration. If the Governor grants a petition*
20 *for reconsideration, the petitioner shall serve as a successor agency*
21 *notwithstanding its prior election declining to serve as a successor*
22 *agency.*

23 (2) The determination of the first local agency that elects to
24 become the successor agency shall be made by the county
25 auditor-controller based on the earliest receipt by the county
26 auditor-controller of a copy of a duly adopted resolution of the
27 local agency's governing board authorizing such an election. As
28 used in this section, "local agency" means any city, county, city
29 and county, or special district in the county of the former
30 redevelopment agency.

31 (3) If no local agency elects to serve as a successor agency for
32 a dissolved redevelopment agency, a public body, referred to herein
33 as a "designated local authority" shall be immediately formed,
34 pursuant to this part, in the county and shall be vested with all the
35 powers and duties of a successor agency as described in this part.
36 The Governor shall appoint three residents of the county to serve
37 as the governing board of the authority. The designated local
38 authority shall serve as successor agency until a local agency elects
39 to become the successor agency in accordance with this section.

1 (e) The liability of any successor agency, acting pursuant to the
2 powers granted under the act adding this part, shall be limited to
3 the extent of the total sum of property tax revenues it receives
4 pursuant to this part and the value of assets transferred to it as a
5 successor agency for a dissolved redevelopment agency.

6 *SEC. 5. Section 34175 of the Health and Safety Code is*
7 *amended to read:*

8 34175. (a) It is the intent of this part that pledges of revenues
9 associated with enforceable obligations of the former
10 redevelopment agencies are to be honored. It is intended that the
11 cessation of any redevelopment agency shall not affect either the
12 pledge, the legal existence of that pledge, or the stream of revenues
13 available to meet the requirements of the pledge.

14 (b) All assets, properties, contracts, leases, books and records,
15 buildings, and equipment of the former redevelopment agency are
16 transferred on ~~October 1, 2011~~ *April 15, 2012*, to the control of
17 the successor agency, for administration pursuant to the provisions
18 of this part. This includes all cash or cash equivalents and amounts
19 owed to the redevelopment agency as of ~~October 1, 2011~~ *April*
20 *15, 2012*.

21 *SEC. 6. Section 34177 of the Health and Safety Code is*
22 *amended to read:*

23 34177. Successor agencies are required to do all of the
24 following:

25 (a) Continue to make payments due for enforceable obligations.

26 (1) On and after ~~October 1, 2011~~ *April 15, 2012*, and until a
27 Recognized Obligation Payment Schedule becomes operative,
28 only payments required pursuant to an enforceable obligations
29 payment schedule shall be made. The initial enforceable obligation
30 payment schedule shall be the last schedule adopted by the
31 redevelopment agency under Section 34169. However, payments
32 associated with obligations excluded from the definition of
33 enforceable obligations by paragraph (2) of subdivision (e) of
34 Section 34171 shall be excluded from the enforceable obligations
35 payment schedule and be removed from the last schedule adopted
36 by the redevelopment agency under Section 34169 prior to the
37 successor agency adopting it as its enforceable obligations payment
38 schedule pursuant to this subdivision. The enforceable obligation
39 payment schedule may be amended by the successor agency at
40 any public meeting and shall be subject to the approval of the

oversight board as soon as the board has sufficient members to form a quorum.

(2) The Department of Finance and the Controller shall each have the authority to require any documents associated with the enforceable obligations to be provided to them in a manner of their choosing. Any taxing entity, the department, and the Controller shall each have standing to file a judicial action to prevent a violation under this part and to obtain injunctive or other appropriate relief.

(3) Commencing on ~~January~~ *May 1, 2012, or the date on which a Recognized Obligation Payment Schedule is deemed valid pursuant to paragraph (2) of subdivision (1), whichever is later*, only those payments listed in the Recognized Obligation Payment Schedule may be made by the successor agency from the funds specified in the Recognized Obligation Payment Schedule. In addition, commencing ~~January~~ *May 1, 2012*, the Recognized Obligation Payment Schedule shall supersede the Statement of Indebtedness, which shall no longer be prepared nor have any effect under the Community Redevelopment Law.

(4) Nothing in the act adding this part is to be construed as preventing a successor agency, with the prior approval of the oversight board, as described in Section 34179, from making payments for enforceable obligations from sources other than those listed in the Recognized Obligation Payment Schedule.

(5) From ~~October 1, 2011~~ *April 15, 2012*, to July 1, 2012, *inclusive*, a successor agency shall have no authority and is hereby prohibited from accelerating payment or making any lump-sum payments that are intended to prepay loans unless such accelerated repayments were required prior to the effective date of this part.

(b) Maintain reserves in the amount required by indentures, trust indentures, or similar documents governing the issuance of outstanding redevelopment agency bonds.

(c) Perform obligations required pursuant to any enforceable obligation.

(d) Remit unencumbered balances of redevelopment agency funds to the county auditor-controller for distribution to the taxing entities, including, but not limited to, the unencumbered balance of the Low and Moderate Income Housing Fund of a former redevelopment agency. In making the distribution, the county auditor-controller shall utilize the same methodology for allocation

1 and distribution of property tax revenues provided in Section
2 34188.

3 (e) Dispose of assets and properties of the former redevelopment
4 agency as directed by the oversight board; provided, however, that
5 the oversight board may instead direct the successor agency to
6 transfer ownership of certain assets pursuant to subdivision (a) of
7 Section 34181. The disposal is to be done expeditiously and in a
8 manner aimed at maximizing value. Proceeds from asset sales and
9 related funds that are no longer needed for approved development
10 projects or to otherwise wind down the affairs of the agency, each
11 as determined by the oversight board, shall be transferred to the
12 county auditor-controller for distribution as property tax proceeds
13 under Section 34188.

14 (f) Enforce all former redevelopment agency rights for the
15 benefit of the taxing entities, including, but not limited to,
16 continuing to collect loans, rents, and other revenues that were due
17 to the redevelopment agency.

18 (g) Effectuate transfer of housing functions and assets to the
19 appropriate entity designated pursuant to Section 34176.

20 (h) Expeditiously wind down the affairs of the redevelopment
21 agency pursuant to the provisions of this part and in accordance
22 with the direction of the oversight board.

23 (i) Continue to oversee development of properties until the
24 contracted work has been completed or the contractual obligations
25 of the former redevelopment agency can be transferred to other
26 parties. Bond proceeds shall be used for the purposes for which
27 bonds were sold unless the purposes can no longer be achieved,
28 in which case, the proceeds may be used to defease the bonds.

29 (j) Prepare a proposed administrative budget and submit it to
30 the oversight board for its approval. The proposed administrative
31 budget shall include all of the following:

32 (1) Estimated amounts for successor agency administrative costs
33 for the upcoming six-month fiscal period.

34 (2) Proposed sources of payment for the costs identified in
35 paragraph (1).

36 (3) Proposals for arrangements for administrative and operations
37 services provided by a city, county, city and county, or other entity.

38 (k) Provide administrative cost estimates, from its approved
39 administrative budget that are to be paid from property tax revenues

1 deposited in the Redevelopment Property Tax Trust Fund, to the
2 county auditor-controller for each six-month fiscal period.

3 (l) (1) Before each six-month fiscal period, prepare a
4 Recognized Obligation Payment Schedule in accordance with the
5 requirements of this paragraph. For each recognized obligation,
6 the Recognized Obligation Payment Schedule shall identify one
7 or more of the following sources of payment:

8 (A) Low and Moderate Income Housing Fund.

9 (B) Bond proceeds.

10 (C) Reserve balances.

11 (D) Administrative cost allowance.

12 (E) The Redevelopment Property Tax Trust Fund, but only to
13 the extent no other funding source is available or when payment
14 from property tax revenues is required by an enforceable obligation
15 or by the provisions of this part.

16 (F) Other revenue sources, including rents, concessions, asset
17 sale proceeds, interest earnings, and any other revenues derived
18 from the former redevelopment agency, as approved by the
19 oversight board in accordance with this part.

20 (2) A Recognized Obligation Payment Schedule shall not be
21 deemed valid unless all of the following conditions have been met:

22 (A) A draft Recognized Obligation Payment Schedule is
23 prepared by the successor agency for the enforceable obligations
24 of the former redevelopment agency by ~~November 1, 2011~~ May
25 1, 2012. From ~~October 1, 2011~~ April 15, 2012, to July 1, 2012,
26 inclusive, the initial draft of that schedule shall project the dates
27 and amounts of scheduled payments for each enforceable obligation
28 for the remainder of the time period during which the
29 redevelopment agency would have been authorized to obligate
30 property tax increment had such a redevelopment agency not been
31 dissolved, and shall be reviewed and certified, as to its accuracy,
32 by an external auditor designated pursuant to Section 34182.

33 (B) The certified Recognized Obligation Payment Schedule is
34 submitted to and duly approved by the oversight board.

35 (C) A copy of the approved Recognized Obligation Payment
36 Schedule is submitted to the county auditor-controller and both
37 the Controller's office and the Department of Finance and be posted
38 on the successor agency's Internet Web site.

39 (3) The Recognized Obligation Payment Schedule shall be
40 forward looking to the next six months. The first Recognized

Obligation Payment Schedule shall be submitted to the Controller's office and the Department of Finance by ~~December 15, 2011~~ *May 15, 2012*, for the period of ~~January~~ *June 1, 2012*, to June 30, 2012, inclusive. ~~Former redevelopment~~ *Redevelopment* agency enforceable obligation payments due, and reasonable or necessary administrative costs due or incurred, prior to ~~January 1~~ *April 15*, 2012, shall be made from property tax revenues received in the spring of 2011 property tax distribution, *from property tax revenues received pursuant to Section 34183*, and from other revenues and balances transferred to the successor agency.

SEC. 7. Section 34178 of the Health and Safety Code is amended to read:

34178. (a) ~~Commencing on the operative date of this part October 1, 2011~~, agreements, contracts, or arrangements between the city or county, or city and county that created the redevelopment agency and the redevelopment agency are invalid and shall not be binding on the successor agency; provided, however, that a successor entity wishing to enter or reenter into agreements with the city, county, or city and county that formed the redevelopment agency that it is succeeding may do so upon obtaining the approval of its oversight board.

(b) Notwithstanding subdivision (a), any of the following agreements are not invalid and may bind the successor agency:

(1) A duly authorized written agreement entered into at the time of issuance, but in no event later than December 31, 2010, of indebtedness obligations, and solely for the purpose of securing or repaying those indebtedness obligations.

(2) A written agreement between a redevelopment agency and the city, county, or city and county that created it that provided loans or other startup funds for the redevelopment agency that were entered into within two years of the formation of the redevelopment agency.

(3) A joint exercise of powers agreement in which the redevelopment agency is a member of the joint powers authority. However, upon assignment to the successor agency by operation of the act adding this part, the successor agency's rights, duties, and performance obligations under that joint exercise of powers agreement shall be limited by the constraints imposed on successor agencies by the act adding this part.

1 *SEC. 8. Section 34178.7 of the Health and Safety Code is*
2 *repealed.*

3 ~~34178.7. For purposes of this chapter with regard to a~~
4 ~~redevelopment agency that becomes subject to this part pursuant~~
5 ~~to Section 34195, only references to “October 1, 2011,” and to the~~
6 ~~“operative date of this part” shall be modified in the manner~~
7 ~~described in Section 34191. All other dates shall be modified only~~
8 ~~as necessary to reflect the appropriate fiscal year or portion of a~~
9 ~~fiscal year.~~

10 *SEC. 9. Section 34179 of the Health and Safety Code is*
11 *amended to read:*

12 34179. (a) Each successor agency shall have an oversight
13 board composed of seven members. The members shall elect one
14 of their members as the chairperson and shall report the name of
15 the chairperson and other members to the Department of Finance
16 on or before ~~January~~ May 1, 2012. Members shall be selected as
17 follows:

18 (1) One member appointed by the county board of supervisors.

19 (2) One member appointed by the mayor for the city that formed
20 the redevelopment agency.

21 (3) One member appointed by the largest special district, by
22 property tax share, with territory in the territorial jurisdiction of
23 the former redevelopment agency, which is of the type of special
24 district that is eligible to receive property tax revenues pursuant
25 to Section 34188.

26 (4) One member appointed by the county superintendent of
27 education to represent schools if the superintendent is elected. If
28 the county superintendent of education is appointed, then the
29 appointment made pursuant to this paragraph shall be made by the
30 county board of education.

31 (5) One member appointed by the Chancellor of the California
32 Community Colleges to represent community college districts in
33 the county.

34 (6) One member of the public appointed by the county board
35 of supervisors.

36 (7) One member representing the employees of the former
37 redevelopment agency appointed by the mayor or chair of the
38 board of supervisors, as the case may be, from the recognized
39 employee organization representing the largest number of former

1 redevelopment agency employees employed by the successor
2 agency at that time.

3 (8) If the county or a joint powers agency formed the
4 redevelopment agency, then the largest city by acreage in the
5 territorial jurisdiction of the former redevelopment agency may
6 select one member. If there are no cities with territory in a project
7 area of the redevelopment agency, the county superintendent of
8 education may appoint an additional member to represent the
9 public.

10 (9) If there are no special districts of the type that are eligible
11 to receive property tax pursuant to Section 34188, within the
12 territorial jurisdiction of the former redevelopment agency, then
13 the county may appoint one member to represent the public.

14 (10) Where a redevelopment agency was formed by an entity
15 that is both a charter city and a county, the oversight board shall
16 be composed of seven members selected as follows: three members
17 appointed by the mayor of the city, where such appointment is
18 subject to confirmation by the county board of supervisors, one
19 member appointed by the largest special district, by property tax
20 share, with territory in the territorial jurisdiction of the former
21 redevelopment agency, which is the type of special district that is
22 eligible to receive property tax revenues pursuant to Section 34188,
23 one member appointed by the county superintendent of education
24 to represent schools, one member appointed by the Chancellor of
25 the California Community Colleges to represent community college
26 districts, and one member representing employees of the former
27 redevelopment agency appointed by the mayor of the city where
28 such an appointment is subject to confirmation by the county board
29 of supervisors, to represent the largest number of former
30 redevelopment agency employees employed by the successor
31 agency at that time.

32 (b) The Governor may appoint individuals to fill any oversight
33 board member position described in subdivision (a) that has not
34 been filled by ~~January~~ May 15, 2012, or any member position that
35 remains vacant for more than 60 days.

36 (c) The oversight board may direct the staff of the successor
37 agency to perform work in furtherance of the oversight board's
38 duties and responsibilities under this part. The successor agency
39 shall pay for all of the costs of meetings of the oversight board
40 and may include such costs in its administrative budget. Oversight

1 board members shall serve without compensation or reimbursement
2 for expenses.

3 (d) Oversight board members shall have personal immunity
4 from suit for their actions taken within the scope of their
5 responsibilities as oversight board members.

6 (e) A majority of the total membership of the oversight board
7 shall constitute a quorum for the transaction of business. A majority
8 vote of the total membership of the oversight board is required for
9 the oversight board to take action. The oversight board shall be
10 deemed to be a local entity for purposes of the Ralph M. Brown
11 Act, the California Public Records Act, and the Political Reform
12 Act of 1974.

13 (f) All notices required by law for proposed oversight board
14 actions shall also be posted on the successor agency's Internet
15 Web site or the oversight board's Internet Web site.

16 (g) Each member of an oversight board shall serve at the
17 pleasure of the entity that appointed such member.

18 (h) The Department of Finance may review an oversight board
19 action taken pursuant to the act adding this part. As such, all
20 oversight board actions shall not be effective for three business
21 days, pending a request for review by the department. Each
22 oversight board shall designate an official to whom the department
23 may make such requests and who shall provide the department
24 with the telephone number and e-mail contact information for the
25 purpose of communicating with the department pursuant to this
26 subdivision. In the event that the department requests a review of
27 a given oversight board action, it shall have 10 days from the date
28 of its request to approve the oversight board action or return it to
29 the oversight board for reconsideration and such oversight board
30 action shall not be effective until approved by the department. In
31 the event that the department returns the oversight board action to
32 the oversight board for reconsideration, the oversight board shall
33 resubmit the modified action for department approval and the
34 modified oversight board action shall not become effective until
35 approved by the department.

36 (i) Oversight boards shall have fiduciary responsibilities to
37 holders of enforceable obligations and the taxing entities that
38 benefit from distributions of property tax and other revenues
39 pursuant to Section 34188. Further, the provisions of Division 4
40 (commencing with Section 1000) of the Government Code shall

1 apply to oversight boards. Notwithstanding Section 1099 of the
2 Government Code, or any other law, any individual may
3 simultaneously be appointed to up to five oversight boards and
4 may hold an office in a city, county, city and county, special
5 district, school district, or community college district.

6 (j) Commencing on and after July 1, 2016, in each county where
7 more than one oversight board was created by operation of the act
8 adding this part, there shall be only one oversight board appointed
9 as follows:

10 (1) One member may be appointed by the county board of
11 supervisors.

12 (2) One member may be appointed by the city selection
13 committee established pursuant to Section 50270 of the
14 Government Code. In a city and county, the mayor may appoint
15 one member.

16 (3) One member may be appointed by the independent special
17 district selection committee established pursuant to Section 56332
18 of the Government Code, for the types of special districts that are
19 eligible to receive property tax revenues pursuant to Section 34188.

20 (4) One member may be appointed by the county superintendent
21 of education to represent schools if the superintendent is elected.
22 If the county superintendent of education is appointed, then the
23 appointment made pursuant to this paragraph shall be made by the
24 county board of education.

25 (5) One member may be appointed by the Chancellor of the
26 California Community Colleges to represent community college
27 districts in the county.

28 (6) One member of the public may be appointed by the county
29 board of supervisors.

30 (7) One member may be appointed by the recognized employee
31 organization representing the largest number of successor agency
32 employees in the county.

33 (k) The Governor may appoint individuals to fill any oversight
34 board member position described in subdivision (j) that has not
35 been filled by July 15, 2016, or any member position that remains
36 vacant for more than 60 days.

37 (l) Commencing on and after July 1, 2016, in each county where
38 only one oversight board was created by operation of the act adding
39 this part, then there will be no change to the composition of that
40 oversight board as a result of the operation of subdivision (b).

1 (m) Any oversight board for a given successor agency shall
2 cease to exist when all of the indebtedness of the dissolved
3 redevelopment agency has been repaid.

4 *SEC. 10. Section 34182 of the Health and Safety Code is*
5 *amended to read:*

6 34182. (a) (1) The county auditor-controller shall conduct or
7 cause to be conducted an agreed-upon procedures audit of each
8 redevelopment agency in the county that is subject to this part, to
9 be completed by ~~March~~ July 1, 2012.

10 (2) The purpose of the audits shall be to establish each
11 redevelopment agency's assets and liabilities, to document and
12 determine each redevelopment agency's passthrough payment
13 obligations to other taxing agencies, and to document and
14 determine both the amount and the terms of any indebtedness
15 incurred by the redevelopment agency and certify the initial
16 Recognized Obligation Payment Schedule.

17 (3) The county auditor-controller may charge the Redevelopment
18 Property Tax Trust Fund for any costs incurred by the county
19 auditor-controller pursuant to this part.

20 (b) By ~~March 15~~ July 1, 2012, the county auditor-controller
21 shall provide the Controller's office a copy of all audits performed
22 pursuant to this section. The county auditor-controller shall
23 maintain a copy of all documentation and working papers for use
24 by the Controller.

25 (c) (1) The county auditor-controller shall determine the amount
26 of property taxes that would have been allocated to each
27 redevelopment agency in the county had the redevelopment agency
28 not been dissolved pursuant to the operation of the act adding this
29 part. These amounts are deemed property tax revenues within the
30 meaning of subdivision (a) of Section 1 of Article XIII A of the
31 California Constitution and are available for allocation and
32 distribution in accordance with the provisions of the act adding
33 this part. The county auditor-controller shall calculate the property
34 tax revenues using current assessed values on the last equalized
35 roll on August 20, pursuant to Section 2052 of the Revenue and
36 Taxation Code, and pursuant to statutory formulas or contractual
37 agreements with other taxing agencies, as of the effective date of
38 this section, and shall deposit that amount in the Redevelopment
39 Property Tax Trust Fund.

1 (2) Each county auditor-controller shall administer the
2 Redevelopment Property Tax Trust Fund for the benefit of the
3 holders of former redevelopment agency enforceable obligations
4 and the taxing entities that receive passthrough payments and
5 distributions of property taxes pursuant to this part.

6 (3) In connection with the allocation and distribution by the
7 county auditor-controller of property tax revenues deposited in the
8 Redevelopment Property Tax Trust Fund, in compliance with this
9 part, the county auditor-controller shall prepare estimates of
10 amounts to be allocated and distributed, and provide those estimates
11 to both the entities receiving the distributions and the Department
12 of Finance, no later than November 1 and May 1 of each year.

13 (4) Each county auditor-controller shall disburse proceeds of
14 asset sales or reserve balances, which have been received from the
15 successor entities pursuant to Sections 34177 and 34187, to the
16 taxing entities. In making such a distribution, the county
17 auditor-controller shall utilize the same methodology for allocation
18 and distribution of property tax revenues provided in Section
19 34188.

20 (d) By October 1, 2012, the county auditor-controller shall report
21 the following information to the Controller's office and the Director
22 of Finance:

23 (1) The sums of property tax revenues remitted to the
24 Redevelopment Property Tax Trust Fund related to each former
25 redevelopment agency.

26 (2) The sums of property tax revenues remitted to each agency
27 under paragraph (1) of subdivision (a) of Section 34183.

28 (3) The sums of property tax revenues remitted to each successor
29 agency pursuant to paragraph (2) of subdivision (a) of Section
30 34183.

31 (4) The sums of property tax revenues paid to each successor
32 agency pursuant to paragraph (3) of subdivision (a) of Section
33 34183.

34 (5) The sums paid to each city, county, and special district, and
35 the total amount allocated for schools pursuant to paragraph (4)
36 of subdivision (a) of Section 34183.

37 (6) Any amounts deducted from other distributions pursuant to
38 subdivision (b) of Section 34183.

1 (e) A county auditor-controller may charge the Redevelopment
2 Property Tax Trust Fund for the costs of administering the
3 provisions of this part.

4 (f) The Controller may audit and review any county
5 auditor-controller action taken pursuant to the act adding this part.
6 As such, all county auditor-controller actions shall not be effective
7 for three business days, pending a request for review by the
8 Controller. In the event that the Controller requests a review of a
9 given county auditor-controller action, he or she shall have 10 days
10 from the date of his or her request to approve the county
11 auditor-controller's action or return it to the county
12 auditor-controller for reconsideration and such county
13 auditor-controller action shall not be effective until approved by
14 the Controller. In the event that the Controller returns the county
15 auditor-controller's action to the county auditor-controller for
16 reconsideration, the county auditor-controller must resubmit the
17 modified action for Controller approval and such modified county
18 auditor-controller action shall not become effective until approved
19 by the Controller.

20 *SEC. 11. Section 34183 of the Health and Safety Code is*
21 *amended to read:*

22 34183. (a) Notwithstanding any other law, from ~~October 1,~~
23 ~~2011~~ April 15, 2012, to July 1, 2012, *inclusive*, and for each fiscal
24 year thereafter, the county auditor-controller shall, after deducting
25 administrative costs allowed under Section 34182 and Section 95.3
26 of the Revenue and Taxation Code, allocate moneys in each
27 Redevelopment Property Tax Trust Fund as follows:

28 (1) Subject to any prior deductions required by subdivision (b),
29 first, the county auditor-controller shall remit from the
30 Redevelopment Property Tax Trust Fund to each local agency and
31 school entity an amount of property tax revenues in an amount
32 equal to that which would have been received under Section 33401,
33 33492.140, 33607, 33607.5, 33607.7, or 33676, as those sections
34 read on January 1, 2011, or pursuant to any passthrough agreement
35 between a redevelopment agency and a taxing jurisdiction that
36 was entered into prior to January 1, 1994, that would be in force
37 during that fiscal year, had the redevelopment agency existed at
38 that time. The amount of the payments made pursuant to this
39 paragraph shall be calculated solely on the basis of passthrough
40 payment obligations, existing prior to the effective date of this part

1 and continuing as obligations of successor entities, shall occur no
2 later than ~~January 16, 2012, and no later than~~ June 1, 2012, and
3 each January 16 and June 1 thereafter. Notwithstanding subdivision
4 (e) of Section 33670, that portion of the taxes in excess of the
5 amount identified in subdivision (a) of Section 33670, which are
6 attributable to a tax rate levied by a taxing agency for the purpose
7 of producing revenues in an amount sufficient to make annual
8 repayments of the principal of, and the interest on, any bonded
9 indebtedness for the acquisition or improvement of real property
10 shall be allocated to, and when collected shall be paid into, the
11 fund of that taxing agency.

12 (2) Second, on ~~January 16, 2012, and~~ June 1, 2012, *for the*
13 *period beginning April 15, 2012, and ending December 31, 2012,*
14 and each January 16 and June 1 thereafter, to each successor agency
15 for payments listed in its Recognized Obligation Payment Schedule
16 for the six-month fiscal period beginning ~~January 1, 2012, or July~~
17 ~~1, 2012, and~~ each January 16 and June 1 ~~thereafter~~, in the following
18 order of priority:

19 (A) Debt service payments scheduled to be made for tax
20 allocation bonds.

21 (B) Payments scheduled to be made on revenue bonds, but only
22 to the extent the revenues pledged for them are insufficient to make
23 the payments and only where the agency's tax increment revenues
24 were also pledged for the repayment of the bonds.

25 (C) Payments scheduled for other debts and obligations listed
26 in the Recognized Obligation Payment Schedule that are required
27 to be paid from former tax increment revenue.

28 (3) Third, on ~~January 16, 2012, and~~ June 1, 2012, and each
29 January 16 and June 1 thereafter, to each successor agency for the
30 administrative cost allowance, as defined in Section 34171, for
31 administrative costs set forth in an approved administrative budget
32 for those payments required to be paid from former tax increment
33 revenues.

34 (4) Fourth, on ~~January 16, 2012, and~~ June 1, 2012, and each
35 January 16 and June 1 thereafter, any moneys remaining in the
36 Redevelopment Property Tax Trust Fund after the payments and
37 transfers authorized by paragraphs (1) to (3), inclusive, shall be
38 distributed to local agencies and school entities in accordance with
39 Section 34188.

(b) If the successor agency reports, no later than ~~December 1, 2011, and May 15, 2012,~~ and each December 1 and May 1 thereafter, to the county auditor-controller that the total amount available to the successor agency from the Redevelopment Property Tax Trust Fund allocation to that successor agency's Redevelopment Obligation Retirement Fund, from other funds transferred from each redevelopment agency, and from funds that have or will become available through asset sales and all redevelopment operations, are insufficient to fund the payments required by paragraphs (1) to (3), inclusive, of subdivision (a) in the next six-month fiscal period, the county auditor-controller shall notify the Controller and the Department of Finance no later than 10 days from the date of that notification. The county auditor-controller shall verify whether the successor agency will have sufficient funds from which to service debts according to the Recognized Obligation Payment Schedule and shall report the findings to the Controller. If the Controller concurs that there are insufficient funds to pay required debt service, the amount of the deficiency shall be deducted first from the amount remaining to be distributed to taxing entities pursuant to paragraph (4), and if that amount is exhausted, from amounts available for distribution for administrative costs in paragraph (3). If an agency, pursuant to the provisions of Section 33492.15, 33492.72, 33607.5, 33671.5, 33681.15, or 33688, made passthrough payment obligations subordinate to debt service payments required for enforceable obligations, funds for servicing bond debt may be deducted from the amounts for passthrough payments under paragraph (1), as provided in those sections, but only to the extent that the amounts remaining to be distributed to taxing entities pursuant to paragraph (4) and the amounts available for distribution for administrative costs in paragraph (3) have all been exhausted.

(c) The county treasurer may loan any funds from the county treasury that are necessary to ensure prompt payments of redevelopment agency debts.

(d) The Controller may recover the costs of audit and oversight required under this part from the Redevelopment Property Tax Trust Fund by presenting an invoice therefor to the county auditor-controller who shall set aside sufficient funds for and disburse the claimed amounts prior to making the next distributions to the taxing jurisdictions pursuant to Section 34188. Subject to

1 the approval of the Director of Finance, the budget of the Controller
2 may be augmented to reflect the reimbursement, pursuant to
3 Section 28.00 of the Budget Act.

4 *(e) Notwithstanding any other law, on February 1, 2012, for*
5 *the period February 1, 2012, to April 15, 2012, inclusive, the*
6 *county auditor-controller shall, after deducting administrative*
7 *costs allowed under Section 95.3 of the Revenue and Taxation*
8 *Code, allocate to redevelopment agencies revenues equivalent to*
9 *those that would have been allocated to a community*
10 *redevelopment agency to make the payments listed on the*
11 *enforceable obligation payment schedule adopted pursuant to*
12 *Section 34169. On April 15, 2012, for the period April 15, 2012,*
13 *to June 1, 2012, inclusive, the county auditor-controller shall,*
14 *after deducting administrative costs allowed under Section 95.3*
15 *of the Revenue and Taxation Code allocate to successor agencies*
16 *revenue equivalent to those that would have been allocated to a*
17 *community redevelopment agency to make the payments listed on*
18 *the enforceable obligation payment schedule adopted pursuant to*
19 *Section 34177.*

20 *SEC. 12. Section 34185 of the Health and Safety Code is*
21 *amended to read:*

22 34185. Commencing on ~~January 16~~ May 1, 2012, and on each
23 January 16 and June 1 thereafter, the county auditor-controller
24 shall transfer, from the Redevelopment Property Tax Trust Fund
25 of each successor agency into the Redevelopment Obligation
26 Retirement Fund of that agency, an amount of property tax
27 revenues equal to that specified in the Recognized Obligation
28 Payment Schedule for that successor agency as payable from the
29 Redevelopment Property Tax Trust Fund subject to the limitations
30 of Sections 34173 and 34183.

31 *SEC. 13. Section 34187 of the Health and Safety Code is*
32 *amended to read:*

33 34187. Commencing ~~January~~ May 1, 2012, whenever a
34 recognized obligation that had been identified in the Recognized
35 Payment Obligation Schedule is paid off or retired, either through
36 early payment or payment at maturity, the county auditor-controller
37 shall distribute to the taxing entities, in accordance with the
38 provisions of the Revenue and Taxation Code, all property tax
39 revenues that were associated with the payment of the recognized
40 obligation.

1 *SEC. 14. Section 34188.8 of the Health and Safety Code is*
2 *repealed.*

3 ~~34188.8. For purposes of a redevelopment agency that becomes~~
4 ~~subject to this part pursuant to Section 34195, a date certain~~
5 ~~identified in this chapter shall not be subject to Section 34191,~~
6 ~~except for dates certain in Section 34182 and references to~~
7 ~~“October 1, 2011,” or to the “operative date of this part.”. However,~~
8 ~~for purposes of those redevelopment agencies, a date certain~~
9 ~~identified in this chapter shall be appropriately modified, as~~
10 ~~necessary to reflect the appropriate fiscal year or portion of a fiscal~~
11 ~~year.~~

12 *SEC. 15. Section 34189.5 is added to the Health and Safety*
13 *Code, to read:*

14 ~~34189.5. In enacting the act that adds this section, it is the~~
15 ~~intent of the Legislature to preserve the California Supreme Court’s~~
16 ~~December 29, 2011, holding in California Redevelopment~~
17 ~~Association v. Matosantos, Case No. S194861, while extending~~
18 ~~the timeframe for implementing Chapter 5 of the First~~
19 ~~Extraordinary Session of the Statutes of 2011.~~

20 ~~(a) Notwithstanding any other provision of this act or any other~~
21 ~~law, a redevelopment agency shall not incur new or expand existing~~
22 ~~monetary, legal, or contractual obligations, institute any~~
23 ~~condemnation proceedings, or issue any additional bonds, notes,~~
24 ~~or other indebtedness commencing December 29, 2011, to April~~
25 ~~15, 2012, inclusive.~~

26 ~~(b) This section shall not be construed to alter or limit any~~
27 ~~restriction on redevelopment agency activities contained in Part~~
28 ~~1.8 (commencing with Section 34161).~~

29 *SEC. 16. Section 34191 of the Health and Safety Code is*
30 *repealed.*

31 ~~34191. (a) It is the intent of the Legislature that a~~
32 ~~redevelopment agency that formerly operated pursuant to the~~
33 ~~Alternative Voluntary Redevelopment Program (Part 1.9~~
34 ~~(commencing with Section 34192)), that becomes subject to this~~
35 ~~part pursuant to Section 34195, shall be subject to all of the~~
36 ~~requirements of this part, except that dates and deadlines shall be~~
37 ~~appropriately modified, as provided in this section, to reflect the~~
38 ~~date that the agency becomes subject to this part.~~

~~(b) Except as otherwise provided by law, for purposes of a redevelopment agency that becomes subject to this part pursuant to Section 34195, the following shall apply:~~

~~(1) Any reference to “January 1, 2011,” shall be construed to mean January 1 of the year preceding the year that the redevelopment agency became subject to this part, but no earlier than January 1, 2011.~~

~~(2) Any reference to “October 1, 2011,” or to the “operative date of this part,” shall mean the date that is the equivalent to the “October 1, 2011,” identified in Section 34167.5 for that redevelopment agency as determined pursuant to Section 34169.5.~~

~~(3) Except as provided in paragraphs (1) and (2), any reference to a date certain shall be construed to be the date, measured from the date that the redevelopment agency became subject to this part, that is equivalent to the duration of time between the operative date of this part and the date certain identified in statute.~~

SEC. 17. Section 97.401 of the Revenue and Taxation Code is amended to read:

~~97.401. Commencing October 1, 2011~~ *April 15, 2012*, the county auditor shall make the calculations required by Section 97.4 based on the amount deposited on behalf of each former redevelopment agency into the Redevelopment Property Tax Trust Fund pursuant to paragraph (1) of subdivision (c) of Section 34182 of the Health and Safety Code. The calculations required by Section 97.4 shall result in cities, counties, and special districts annually remitting to the Educational Revenue Augmentation Fund the same amounts they would have remitted but for the operation of Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code.

~~SECTION 1. Section 301.5 is added to the San Gabriel Basin Water Quality Authority Act (Chapter 776 of the Statutes of 1992); to read:~~

~~Sec.301.5. “Appointing authority” means the following:~~

~~(a) With respect to a member or alternate appointed pursuant to subdivision (a) of Section 503, the Board of Directors of the Upper San Gabriel Valley Municipal Water District.~~

~~(b) With respect to a member or alternate appointed pursuant to subdivision (b) of Section 503, the Board of Directors of the San Gabriel Valley Municipal Water District.~~

1 ~~(e) With respect to a member or alternate appointed pursuant~~
2 ~~to subdivision (e) of Section 503, the Board of Directors of the~~
3 ~~Three Valleys Municipal Water District.~~

4 ~~(d) With respect to a member or alternate appointed pursuant~~
5 ~~to Section 503.1, the board of directors of the Water Association.~~

6 ~~(e) With respect to the member or alternate appointed pursuant~~
7 ~~to subdivision (a) of Section 504, the cities with pumping rights.~~

8 ~~(f) With respect to the member or alternate appointed pursuant~~
9 ~~to subdivision (b) of Section 504, the cities without pumping rights.~~

10 SEC. 2. ~~Section 507 of the San Gabriel Basin Water Quality~~
11 ~~Authority Act (Chapter 776 of the Statutes of 1992), as amended~~
12 ~~by Section 7 of Chapter 905 of the Statutes of 2000, is amended~~
13 ~~to read:~~

14 Sec.507. ~~(a) Except as provided in subdivisions (b) and (c),~~
15 ~~the terms of the members shall commence on the first Monday in~~
16 ~~January and each member shall hold office for a term of four years~~
17 ~~and until the successor takes office.~~

18 ~~(b) With respect to the initial board members, the terms of the~~
19 ~~member appointed by the Three Valleys Municipal Water District~~
20 ~~and the member elected by the cities without pumping rights shall~~
21 ~~expire on January 1, 1995, and the terms of the remaining members~~
22 ~~shall expire on January 1, 1997.~~

23 ~~(c) The terms of the initial producer members and alternates~~
24 ~~shall commence on the first business day after the appointment of~~
25 ~~the producer members and alternates. The terms of the initial~~
26 ~~producer members and alternates shall expire on the fourth January~~
27 ~~1 following commencement of their term.~~

28 ~~(d) Notwithstanding subdivision (a), the appointing authority,~~
29 ~~by a majority vote, may remove that member or alternate without~~
30 ~~cause and at any time prior to the expiration of the member's or~~
31 ~~alternate's term of office, and may appoint or elect another person~~
32 ~~as a member or alternate. A person appointed or elected pursuant~~
33 ~~to this subdivision shall meet the qualifications applicable to the~~
34 ~~office and shall serve for the remaining term of the office.~~